

## Message Text

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42

ACTION ARA-20

INFO OCT-01 ISO-00 AGR-20 SWF-02 AID-20 CIAE-00 COME-00

EB-11 FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 SP-03 CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07

SS-20 STR-08 CEA-02 DODE-00 PA-04 USIA-15 PRS-01

SAB-01 TAR-02 L-03 H-03 DRC-01 /189 W

----- 062582

R 062130Z SEP 74

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 1738

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EO 11652: N/A

TAGS: ETRD, PN

SUBJ: INVENTORY OF PANAMA TRADE PROBLEMS

REF: STATE 187628

1. EMBASSY HAS REVIEWED LIST OF ISSUES CONTAINED REFTTEL AND WISHES TO COMMENT AS FOLLOWS ON THE BANANA EXPORT TAX PROBLEM IDENTIFIED THEREIN, AND TO SUGGEST ADDITIONAL TOPICS.

2. NNSE OF MEMUTN IMPORTING COUNTRIES TO FORM PRODUCERS GROUP FOR PURPOSES OF LEVYING EXPORT TAXES AND TAKING OTHER STEPS TO AUGMENT REVENUES REPRESENTS, IN PRINCIPLE, SERIOUS U.S. TRADE PROBLEM. IT REINFORCES EMERGING TREND AMONG PRIMARY GOODS RPRODUCING COUNTRIES OF ATTEMPTING TO FOLLOW PRECEDENT SET BY OIL-PRODUCING COUNTRIES. WE AGREE IT USEFUL TO IDENTIFY THIS PROBLEM NOW FOR PURPOSE OF IN-HOUSE PRELIMINARY INVENTORY OF LA TRADE PROBLEMS.

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3. INTRODUCING THIS PROBLEM IN MULTILATERAL FORUM OR INCLUDING IT ON LISTS TO BE CIRCULATED TO LA GOVERNMENTS AT THIS

TIME COULD, HOWEVER, IMPAIR ONGOING NEGOTIATIONS OF UNITED BRANDS (UB) WITH PANAMA CONCERNING THE NATURE OF UB'S FUTURE PRESENCE IN THE COUNTRY. WE THEREFORE SUGGEST DEPARTMENT HOLD IN ABEYANCE ANY MULTILATERAL INITIATIVE ON THE ISSUE. IT MAY BE USEFUL, ALSO, TO CONFER WITH UNITED BRANDS AND OTHER BANANA PRODUCING/MARKETING COMPANIES, ESPECIALLY IN REGARD TO TIMING.

4. UNDER CATEGORY PANAMA TRADE PROBLEMS WITH U.S., THERE ARE LATENT PROBLEMS ARISING FROM DIFFICULTIES EXPERIENCED BY PANAMA WITH EXPORTS OF SHRIMP AND BEEF. RECENTLY, PRINCIPAL EXPORTERS OF SHRIMP DISCUSSED WITH EMBASSY THEIR COMPLAINT REGARDING INCREASE IN REJECTION RATE BY FDA (PANAMA 4794). SIMILAR PROBLEMS HAVE ARISEN IN PAST IN BEEF SHIPMENTS. THESE DIFFICULTIES STEM MAINLY FROM LESSER SOPHISTICATION OF SUCH COUNTRIES IN QUALITY CONTROL TECHNIQUES AND SANITATION DURING PRODUCTION, PROCESSING AND PREPARATION THEIR PRODUCTS FOR MARKET. NEVERTHELESS, MRS. DE LORENZO, VICE MINISTER OF COMMERCE, HAS TWICE IN PAST YEAR EXPRESSED TO COMATT HER VIEW THAT HIGH U.S. QUALITY AND SANITATION REQUIREMENTS ACT AS BARRIER TO DEVELOPING COUNTRY EFFORTS TO INTRODUCT AGRICULTURAL PRODUCTS INTO U.S. MARKET. SHE EXPLAINS THAT UNFAMILIARITY OF INSPECTING OFFICERS WITH A NEW TROPICAL PRODUCT, CLASSIFICATION QUESTIONS, AND INEXPERIENCE OF SMALL FOREIGN PRODUCER WITH COMPLEXITIES OF EXPORTING COMBINE TO DISCOURAGE SUCH EFFORTS. THIS ESPECIALLY TRUE WITH INITIAL SHIPMENTS INTENDED TO TEST BUYER ACCEPTANCE, SHE ADDS. WE HAVE EXPLAINED TO VICE MINISTER THE NEED FOR SUCH REQUIREMENTS AND POINTED OUT WIDE RECOGNITION AND ACCEPTANCE OF THIS NEED, BUT IT DOUBTFUL SHE IS CONVINCED. IT THEREFORE LIKELY THAT, IF GIVEN OPPORTUNITY, PANAMA WOULD WANT INCLUDE THIS TOPIC ON ANY AGENDA FOR MULTILATERAL DISCUSSION OF TRADE QUESTIONS.

5. PANAMA HAS NOT HAD SIGNIFICANT TRADE PROBLEMS WITH SPECIFIC LA COUNTRIES. HOWEVER, AS IT NOT A MEMBER OF ANY LA REGIONAL TRADING GROUP, IT IS CONCERNED OVER POSSIBLE MARKET ACCESS PROBLEMS WHICH COULD ARISE AS THESE GROUPS EVOLVE TO FULL COMMON MARKET STATUS.

6. WITH POSSIBLE EXCEPTION OF BALANCE OF PAYMENTS IMPACT OF LIMITED OFFICIAL USE  
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HIGHER PRICES FOR CRUDE OIL IMPORTS FROM MID-EAST SOURCES, PANAMA APPEARS TO HAVE NO SIGNIFICANT TRADE PROBLEMS WITH NON-HEMISPHERE COUNTRIES.  
JORDEN

NOTE BY OC/T: PARA 2 AS RECEIVED.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CUSTOMS DUTIES, EXPORTS, TRADE COMPLAINTS, INVENTORY DATA, GOVERNMENT REVENUES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 SEP 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** shawdg  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974PANAMA05251  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740249-0578  
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**Line Count:** 111  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** STATE 187628  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** shawdg  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 18 SEP 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <18 SEP 2002 by boyleja>; APPROVED <26 FEB 2003 by shawdg>  
**Review Markings:**

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**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** INVENTORY OF PANAMA TRADE PROBLEMS  
**TAGS:** ETRD, PN, US  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005